

**COMMONWEALTH OF MASSACHUSETTS**

**DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

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**INVESTIGATION BY THE D.T.E. ON )  
ITS OWN MOTION TO INVESTIGATE )  
INCREASING THE PENETRATION )  
RATE FOR DISCOUNTED SERVICE )**

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**D.T.E. 01-106**

**COMMENTS OF BAY STATE GAS COMPANY**

**January 24, 2002**

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## **I. EXECUTIVE SUMMARY OF COMMENTS**

Bay State Gas Company ("Bay State" or "Company") utilizes a variety of outreach strategies to solicit eligible customers for its discount rate program. Periodic bill inserts, news letters, contact with social service agencies and direct distribution of pertinent literature by Company field employees are all elements of the Company's outreach program.

The Company works directly with Fuel Assistance agencies to identify customers eligible for the discount rate program. Customers that are eligible for other needs-based programs that are administered through the Massachusetts Department of Transitional Assistance ("DTA") are solicited through the use a third party mailing house.

Although Bay State believes that increased customer participation in available discount rate programs could possibly be achieved by more effective sharing of information among utilities, it is not necessarily the best approach. If such an approach is pursued, there are potential technical and legal impediments that must first be overcome.

## **II. COMMENTS IN RESPONSE TO SPECIFIC QUESTIONS**

Bay State submits responses to the Department's questions concerning potential methods for increasing the penetration rate for discount electric, gas and telephone service. The Department's questions properly address policy and implementation issues associated with increasing the percentage of eligible residential households that receive discount rates. Bay State's responses, together with comments presented in the foregoing Executive Summary, set forth the specific facts associated with the Company's outreach efforts to identify eligible customers, its current procedures used for subscriber eligibility verification and enrollment, recommendations for increasing the penetration of discount rates to eligible customers and, finally, concerns and potential legal impediments associated with sharing certain customer information among utilities.

### **1. Describe outreach efforts to identify eligible discount customers.**

Bay State utilizes a variety of outreach strategies to solicit eligible customers for its discount rate program. For example, during July, 2001, the Company distributed information on its discount rate program through a customer bill insert to all residential customers. This insert described eligibility requirements and directed eligible customers to call a toll-free number for information on how to apply for discount service. During August, 2001, the Company sent a letter and provided copies of the bill insert to each of the Councils on Aging in its service territory. A similar letter and copies of the bill

insert were sent to municipal offices throughout the Bay State service territory during August.

The Company's October, 2001 Gas Lines Newsletter, which was sent to all residential customers, carried an article intended to increase awareness of the discount rate program and eligibility criteria for various forms of income-based financial assistance.

Throughout the Fall and Winter, Company employees distribute posters and information brochures describing the Company's discount rate program to Fuel Assistance offices and hang posters in such public areas as laundromats. The brochures are also sent to the offices of various elected officials, and are distributed directly to customers by field collectors, energy auditors and service technicians.

**2. Describe current procedures used for subscriber eligibility verification and enrollment.**

The Company receives notification of eligibility for each customer that qualifies for Fuel Assistance. This information is received directly from the Fuel Assistance agencies. Notification results in a rate switch (if necessary) to the discount rate, or, if the customer is already assigned the discount rate, the notification from the Fuel Assistance agency serves to extend the customer's eligibility for the coming year.

Customers newly eligible for programs administered by the DTA can apply for the discount rate program by completing a form sent by a third party mailing house. Once a completed form is received from a customer, the customer is switched to the discount rate. Once this process is completed, the customer

remains on the discount rate until the Company conducts its annual review of customer qualifications. Customers may apply for the discount rate at other times of the year by completing an application card. Once the Company receives the application, the customer is switched to the discount rate and the account is marked as pending until eligibility is verified by the DTA.

**3. Discuss whether current subscriber eligibility standards would permit utilities to enroll each other's customers in discount programs.**

It is Bay State's understanding that all gas, electric and telephone utilities that are regulated by the DTE must adhere to the same minimum eligibility standards. As such, it would appear to be theoretically possible to enroll each other's customers in discount rate programs, provided that those customers had been qualified under the minimum eligibility standards.

**4. Discuss strategies for addressing varying income requirements of public benefit programs.**

Bay State believes that a customer should be eligible for the discount rate program if that customer is declared eligible to receive benefits under one or more designated, income-based programs ("Designated Programs"). The same list of Designated Programs should apply to all utilities. In this way, variations in needs tests among the various programs would not be an ongoing concern to utilities.

One area of concern under this approach is that a relaxation of income requirements for one or more of the Designated Programs could expand the pool of eligible customers, resulting in increased participation in the discount rate program. Increased participation resulting from such a change would, in turn, result in revenue loss to the utility. Clearly, some adjustment mechanism would

be needed in such a circumstance to insure that utility shareholders do not bear the burden of increased participation.

**5. Discuss whether utilities could implement computer matching program to verify subscriber eligibility and enroll eligible customers in discount programs.**

It is certainly technically possible to implement a computer matching program to verify subscriber eligibility. However, the economic feasibility is heavily dependent on the scope of the programming that would be required. The scope of such an undertaking could be dramatically reduced if a single information clearinghouse is used for distributing information to all utilities. This would avoid the complexity and considerable expense of program customization to create unique interfaces for each utility for which sharing of information would be required.

**6. Discuss whether any legal impediment exists to enrolling eligible customers in all available discount programs.**

The majority of legal impediments and issues related to the enrollment of eligible customers in all available discount programs relate to privacy issues concerning customer information. Massachusetts General Law Ch. 214, § 1B sets forth the Commonwealth's privacy act. Under Ch. 214, §1B, every person has the right against unreasonable, substantial or serious interference with his/her privacy. The Company believes that disseminating customer income levels to other utilities or other third parties, without the customer's consent, would be construed as a violation of Section 1B.

In addition, in Massachusetts General Law Ch. 66A, the Commonwealth's Fair Information Practices Act, restricts the use of personal data held by agencies

of the state government and those acting on its behalf. The possibility exists that an order of the D.T.E. requiring utilities to disclose customer income levels could be a violation of Ch. 66A.

Nationally, the trend in the law is towards greater respect and protection of customer financial information and privacy (e.g., see Gramm-Leach-Bliley Financial Services Modernization Act of 1999). The Company believes that an order of the D.T.E. requiring disclosure of customer income levels would be in contradiction of this trend.

In addition, the Company is concerned that the required sharing of private customer data will expose the Company to increased threats of litigation and resulting liability. If the Company is required to provide such information to other utilities or otherwise share such information with third parties, the Company may be considered an agent of the other party and/or the customer, and have liability for any miscommunications. (e.g., not providing required information or inadvertently providing incorrect information.) that may occur.

The Company believes that more simple and direct approaches exist to increase the penetration rate for discounted service, rather than requiring utilities to enroll each other's customers in discount rate programs. The Company believes that such alternatives would be more efficient and economical, without the attendant legal liability concerns referenced above.

**7. Discuss privacy concerns related to electronic sharing of financial or other confidential information.**

Please see the Company's response to Question 6 above.